



CalHFA NOTICE AND BORROWER REPRESENTATIONS AFFIDAVIT

Borrower understands that the interest rate on this loan is a below market interest rate because the lender intends to transfer the loan to the California Housing Finance Agency, a public instrumentality and political subdivision of the State of California ("Agency"). The Agency will finance the acquisition of this loan with funds from the sale of tax-exempt municipal bonds. Therefore, upon transfer of this loan to the Agency, this loan and the property will become subject to the Agency requirements and the Mortgage Subsidy Bond Tax Act of 1980 ("Tax Act"), the 1986 Tax Reform Act ("TRA86"), or Technical and Miscellaneous Revenue Act of 1988 ("TAMRA"), (collectively "Tax Law"), whichever is applicable, and as amended from time to time.

Borrower further understands that the Agency and Tax Law require that borrowers of loans funded by the sale of tax-exempt municipal bonds, and the property securing the loans, meet certain specific eligibility criteria. Borrower acknowledges that the lender has explained the requirements of the Tax Law and the requirements of the Agency and that Borrower has made certain representations regarding Borrower's and the property's compliance therewith. Borrower understands that the lender and the Agency have relied on the truth and accuracy of those representations by Borrower in making this loan. UPON DISCOVERY BY THE LENDER OR THE AGENCY OF ANY MISSTATEMENT MADE BY BORROWER PURSUANT TO THOSE REPRESENTATIONS, AGENCY MAY ACCELERATE THE LOAN BALANCE AND FORECLOSE ON THE PROPERTY AS PROVIDED IN THE DEED OF TRUST NOTE AND DEED OF TRUST SECURING BORROWER'S OBLIGATION TO REPAY THIS LOAN.

Borrower further understands that, during the term of the loan, the property is only transferable to a person who is eligible under certain Agency and Tax Law criteria. "Transfer" means any sale, assignment or transfer, voluntary or involuntary, or by operation of Law, of any interest in the property, including but not limited to a fee simple interest, a joint tenancy interest, a life estate, leasehold interest, or an interest evidenced by a land contract by which possession of the property is transferred and the Borrower retains title. Borrower understands that, during the term of the loan, the property must not be transferred without the written approval of the Agency. The Agency's approval will not be given unless the Borrower's transferee meets all of the following conditions:

- (a) the transferee must intend to occupy the property as his/her principal place of residence within sixty (60) days after the date of the transfer and intend to continue to so occupy the property until the loan is repaid or the transferee transfers the property to another eligible person;
- (b) the transferee must not have had a present ownership interest in a principal residence at any time during the three (3) years preceding the date of the transfer unless the property is located in a "Targeted Area" as defined in the Tax Law;
- (c) if a purchase transfer is involved, the purchase price of the property must not be greater than the purchase price limits established by the Agency at the time of transfer; and
- (d) the transferee must have a household income which is not greater than the income limits established by the Agency at the time of transfer.
- (e) the transferee meets the conditions of the Agency's citizenship and alien verification regulations as set forth in Title 25 of the California Code of Regulations, Division Z, Chapter 3 (Sections 12001, *et. seq.*), which implement federal legislation known as Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L. No. 104-193, 8 U.S.C. Section 1601, *et. seq.*).
- (f) the transferee must meet all of the other eligibility requirements of the Agency in effect at the time of the transfer, including but not limited, the Agency's mortgage insurance and loan underwriting.

UPON DISCOVERY BY THE LENDER OR THE AGENCY OF ANY INELIGIBLE TRANSFER OF THE PROPERTY, THE AGENCY MAY ACCELERATE THE LOAN BALANCE AND FORECLOSE ON THE

PROPERTY AS PROVIDED IN THE PROMISORY NOTE AND DEED OF TRUST SECURING BORROWER'S OBLIGATION TO REPAY THIS LOAN.

Borrower further understands that he/she must occupy the property at his/her principal residence within sixty (60) days after the date of the transfer and continue to so occupy the property until the loan is paid in full or Borrower transfers the property to an eligible transferee. UPON DISCOVERY BY LENDER OR THE AGENCY OF THE FAILURE OF BORROWER TO OWN OR OCCUPY THE PROPERTY, THE AGENCY MAY ACCELERATE THE LOAN BALANCE AND INSTITUTE FORECLOSURE PROCEEDINGS ON THE PROPERTY AS PROVIDED IN THE PROMISORY NOTE AND DEED OF TRUST SECURING BORROWER'S OBLIGATION TO REPAY THIS LOAN.

If this loan is FHA insured, Borrower understands that if the Agency takes the home through foreclosure of the Deed of Trust because of an ineligible transfer, failure to occupy as primary residence, or Borrower has committed fraud or intentionally misrepresented himself when Borrower applied for the loan, HUD will not be able to help Borrower. Furthermore, if the money received from the foreclosure sale is not enough to pay the remaining amount of money Borrower owes on the loan, Borrower may be subject to, pursuant to applicable law, a deficiency judgment (a court ruling that Borrower must pay whatever money is still owed on the loan after the foreclosure sale).

The borrower will be required to make monthly payments into an impound account held by the Lender to pay for property taxes, hazard insurance and mortgage insurance.

Date: _____

Date: _____

Name of Borrower

Name of Borrower

Signature of Borrower

Signature of Borrower